

Message Text

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SUBJECT: EC GUIDELINES FOR MTNS

REF A) EC BRUSSELS 10094

B) EC BRUSSELS 227

C) GENEVA 217

1. SUMMARY: THE ARTICLE 113 COMMITTEE AGAIN DISCUSSED THE PROPOSED GUIDELINES FOR EC NEGOTIATORS IN THE MTNS ON JANUARY 13-14. DIFFERENCES REMAIN BETWEEN MEMBER STATES OVER AGRICULTURE, TARIFFS, AND SAFEGUARDS. THE EC COUNCIL OF FOREIGN MINISTERS WILL DISCUSS THE GUIDELINES JANUARY 20-21. HOWEVER, MORE DETAILED COUNCIL CONSIDERATION WILL BE DEFERRED TO AN EARLY FEBRUARY MEETING. END SUMMARY.

2. THE ARTICLE 113 COMMITTEE AGAIN DISCUSSED THE PROPOSED EC GUIDELINES FOR THE MTNS IN A TWO-DAY MEETING THIS WEEK. THIS SUBJECT WILL BE DISCUSSED BY THE LIMITED OFFICIAL USE

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FOREIGN MINISTERS, PROBABLY THE AFTERNOON OR EVENING

OF JANUARY 20. THIS REPORT IS BASED ON THE INTERNAL COUNCIL MEMORANDUM ON THE ARTICLE 113 COMMITTEE MEETING, AND ON DISCUSSION WITH A PERMREP SOURCE.

3. THE ARTICLE 113 COMMITTEE MEETING REVEALED CONTINUING DIFFERENCES BETWEEN MEMBER STATES, PRINCIPALLY THE FOLLOWING:

A. TARIFFS: WITH THE EXCEPTION OF FRANCE, ALL MEMBER STATE REPRESENTATIVES AND THE COMMISSION WERE ABLE TO AGREE THAT THE GUIDELINES SHOULD STATE THAT AN OBJECTIVE SHOULD BE AN AVERAGE TARIFF REDUCTION IN THE 25-50 PERCENT RANGE. FRANCE INSISTED THAT NO SUCH TARGET SHOULD BE STATED. IT RISKED PREJUDICING THE COMMUNITY'S NEGOTIATING POSITION AND COULD BE IRRECONCILABLE WITH THE ESSENTIAL OBJECTIVE, HARMONIZATION. SOME DELEGATIONS STATED THAT THEY ACCEPT THE COMMISSION PROPOSAL AS A COMPROMISE; IF FRANCE PERSISTED IN ITS OBJECTION, THEY WOULD RETURN TO THEIR PROPOSAL OF AN AVERAGE REDUCTION OF 33-50 PERCENT, WITH MINIMUM REDUCTIONS OF 60 PERCENT ON HIGHER TARIFFS.

B. AGRICULTURE: THE BRITISH, THE GERMANS AND THE ITALIANS ARE DOUBTFUL WHETHER STOCKS, NATIONAL OR INTERNATIONAL, ARE A NECESSARY OR DESIRABLE ELEMENT IN INTERNATIONAL COMMODITY ARRANGEMENTS. THEY GENERALLY QUESTION WHETHER THE DETAILS OF SUCH AGREEMENTS NEED TO BE DEFINED PRECISELY AT THIS STAGE. ON THE OTHER HAND, THE FRENCH AND IRISH CONTINUE TO BE CRITICAL OF THE COMMISSION PROPOSAL THAT CODES OF CONDUCT BE NEGOTIATED WITH REGARD TO COMMODITIES NOT PROPOSED FOR INCLUSION IN COMMODITY AGREEMENTS.

C. SAFEGUARDS: THE GERMANS AND THE ITALIANS ARE OPPOSED TO THE COMMISSION PROPOSALS THAT DISCRIMINATORY APPLICATION OF SAFEGUARD MEASURES BE PERMITTED, IN THAT THIS COULD UNDERMINE THE PRINCIPLE OF NON-DISCRIMINATION. SEVERAL DELEGATIONS HAVE RESERVATIONS WITH REGARD TO THE COMMISSION SUGGESTION THAT THE EXISTENCE OF INTERNAL ADJUSTMENT MEASURES BE CONSIDERED A LIMITED OFFICIAL USE

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BASIS FOR WAIVING THE OBLIGATION OF A COUNTRY IMPOSING SAFEGUARDS TO GRANT COMPENSATION.

D. ORGANIZATION OF NEGOTIATIONS: FRANCE CONSIDERED THAT THE GUIDELINES SHOULD STATE THAT IN THE MTNS A SEPARATE GROUP SHOULD BE CHARGED WITH NEGOTIATIONS REGARDING AGRICULTURAL PRODUCTS AT ALL STAGES OF TRANSFORMATION. THE COMMISSION AND THE OTHER DELEGATIONS OPPOSED THIS ON

THE GROUNDS THAT THE DIRECTIVES SHOULD NOT CONTAIN SUCH A PURELY TACTICAL PROVISION. HOWEVER, THEY ALSO STATED THAT THE POSITION REFLECTED BY THE FRENCH PROPOSAL WAS NO UNACCEPTABLE. OUR PERMDEL SOURCE ELIEVES THAT, AT THE APPROPRIATE MOMENT, THIS POSITION WILL BE ENDORSEED.

4. THE FOREIGN MINISTERS WILL DISCUSS THE GUIDELINES JAN 20. THEY ARE EXPECTED TO ASK FOR FURTHER WORK BY THE COMMITTEE OF PERMANENT REPRESENTATIVES. A MORE SUBSTANTIVE AND DEFINITIVE DISCUSSION AT COUNCIL LEVEL SHOULD TAKE PLACE IN EARLY FEBRUARY PRIOR TO THE FEB. 11 TRADE NEGOTIATIONS COMMITTEE MEETING. FEB. 3, WHICH WAS THE DATE TENTATIVELY SELECTED (REF B) IS OUT, BECAUSE FRENCH AND GERMAN MINISTERS WILL THAT DAY BE HOLDING BILATERAL MEETINGS IN PARIS. THE CHOICE THEREFORE IS BETWEEN FEB 7, WHEN A SPECIAL ECONOMICS MINSTERS COUNCIL MIGHT BE HELD, AND FEB. 10, WHEN THE FOREIGN MINISTERS ARE DUE TO MEET.GREENWALD

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